

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON FINANCE

Call to Order: By **CHAIRMAN BOB KEENAN**, on February 15, 2001 at 5:00 P.M., in Room 303 Capitol.

ROLL CALL

Members Present:

Sen. Bob Keenan, Chairman (R)
Sen. Ken Miller, Vice Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. John Cobb (R)
Sen. William Crismore (R)
Sen. Greg Jergeson (D)
Sen. Royal Johnson (R)
Sen. Bea McCarthy (D)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Corey Stapleton (R)
Sen. Bill Tash (R)
Sen. Jon Tester (D)
Sen. Mignon Waterman (D)
Sen. Jack Wells (R)
Sen. Tom Zook (R)

Members Excused: None.

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Jon Moe, Legislative Fiscal Division

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 405, 2/13/2001
Executive Action: SB 405; SB 289; SB 293; SB 88;
SB 223; SB 231; SB 331; SB
332; SB 336; SB 381

HEARING ON SB 405

Sponsor: SEN. GREG JERGESON, SD 36, Chinook

Proponents: Jeff Brandt, Information Services Division,
Department of Administration
Tony Herbert, Administrator Information Services
Division, Department of Administration
Janice Doggett, Chief Counsel, Secretary of
State's office
Joe Mazurek, lobbyist for Montana Interactive

Opponents: None.

Opening Statement by Sponsor:

SEN. GREG JERGESON, SD 36, Chinook, explained that during the interim, the Legislative Finance Committee was instructed by HB 2 to conduct an interim review of information technology in state government. A subcommittee, consisting of SEN. TOM BECK, then REP. now SEN. TOM ZOOK, REP. BOB RANEY, and SEN. JERGESON, tried to find a way for the legislature to get an understanding of information technology issues. One of the recommendations of the interim subcommittee was to establish a select subcommittee from among the membership of all of the six regular subcommittees on appropriations to review a number of issues related to IT budgets. During the course of the presentations from the Information Services Division of the Department of Administration related to the work of the interim subcommittee and the IT budget issues, Tony Herbert, Administrator Information Services Division, mentioned e-government. In fact, the department had entered into a contract with a private firm related to how e-government services would be delivered. The select committee, that had been wondering what its function was, began asking questions about this area with which they were not familiar. As a result of those questions asked by the select committee, it was determined a good idea to draft a bill regarding e-government. The select committee did not have standing to request a committee bill, and that was the reason the Senate Finance Committee was asked to request the bill. It provides for the duties and responsibilities of the Department of Administration with regard to e-government services. There is a definitions section. The bill authorizes convenience fees for electronic government services, authorizes the department to adopt rules and provides for an advisory council. SEN. JERGESON explained that convenience fees are charged because there are associated costs. Convenience fees are charged in the non-electronic provision of government services, such as paying for license plate renewals by

mail. College admissions can be done electronically for a fee. SB 405 will authorize electronic services and authorize convenience fees for the recovery of the cost of providing that service electronically. The fiscal note shows no revenue impact because with a cost recovery basis, the state will not make or lose money. The bill ensures that the traditional methods of obtaining services are still available. Those who choose e-government services will pay a convenience fee to do so.

Proponents' Testimony:

Tony Herbert, Administrator Information Services Division, Department of Administration, explained that agencies worked hard during the past year to develop plans and strategies for the development of services to citizens and businesses through the internet. In the past, agencies have made information available via the internet, but have not been very aggressive in deploying government services through that mechanism. A strategic planning conference on electronic government services was held last February in Helena that included agency heads, technical managers, representatives of the private sector, and expert speakers. The planning session resulted in a vision statement that was issued by **Governor Racicot** in July of 2000. Montana's electronic government initiative will make state government more accessible and responsive to the citizens, businesses, and other government entities through direct electronic access to the full range of government information and services. **Mr. Herbert** distributed the written statement of **Jeff Brandt, Information Services Division, Department of Administration,** and a copy of the vision statement along with a letter that Governor Racicot sent to all agency directors in July.

EXHIBIT (fcs38a01) EXHIBIT (fcs38a02)

The department moved forward with an RFP to establish a contract with a private company to assist with making e-government services available, funded through the use of convenience fees to those citizens and businesses that use certain services. The resulting five-year contract was with the National Information Consortium (NIC), a leader in the business with similar contracts in 13 other states. The deployment schedule is for 14 applications to the web by July of this year. Many more services may be available by the next legislative session. SB 405 sets the framework for the continued deployment of more government services through electronic means. It provides for the clear authority to use convenience fees to recover costs associated with providing the services. 10% of the services will have fees and 90% will be free. An e-government advisory council will be established to work with the IT division, the agencies and NIC in the deployment of electronic services. The use of e-government services will be optional to members of the public and

traditional means of providing services will continue. He urged support for SB 405.

Janice Doggett, Chief Counsel, Secretary of State's office, expressed support for SB 405 as being good for business in the State of Montana. The Secretary of State's office is ready to put corporate services online and in the future, uniform commercial code products will be online.

Joe Mazurek, lobbyist for Montana Interactive, a subsidiary of NIC, introduced **Mike Mohler the principal representative of NIC and Montana Interactive** in Helena. NIC provides services in 13 states. There are many opportunities to make information available to the public, and more rapidly to insurance companies and banks who currently pay to obtain hard copy records. He expressed that with a public/private partnership, the state does not incur the cost of additional personnel and infrastructure to support it.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

SEN. KEN MILLER, asked about the costs for the advisory council and if the department absorbs the costs. **SEN. JERGESON** answered that would be part of the costs of providing the services and would be paid from the convenience fees through a proprietary fund. **Mr. Herbert** stated that it could be absorbed by the department or funded by the convenience fees. **SEN. MILLER** thought that estimated revenues and expenditures should have been used in the fiscal note. **Mr. Herbert** answered that the cost could be about \$5,000 or less. In the IT division, a number of advisory councils are supported where expenses are incurred. The majority of people on the councils are from Helena. Costs will be minimal. Similar costs would be incurred if the bill does not go forward.

SEN. MIGNON WATERMAN asked if licensing a car would be a service that would be available through e-government. **SEN. JERGESON** said there are a number of services already available that will be more orderly, such as filing taxes and submitting various reports by the due date.

SEN. JON TESTER, inquired about the e-government needs of the Department of Justice (DOJ), who had come to the subcommittee on Long Range Planning about a software program to do vehicle registrations. **Mr. Herbert** said that the DOJ request is to overhaul a twenty year old system and implement some new technology. If the system for the Motor Vehicles Division is

approved, NIC will work to interface with that system. **SEN. TESTER** asked about the role of ISD in relation to the DOJ request. **Larry Fasbender, Deputy Director of Department of Justice**, replied that DOJ is already working with NIC to access the DOJ database for information for insurance companies. For online services, the applications have been developed and are in production in other states. DOJ will work with DOA and the contractor to provide electronic access. **SEN. TESTER** asked if working with NIC would impact the amount requested for the DOJ program. **Mr. Fasbender** replied that DOJ has a \$4 fee presently for insurance companies. NIC will add a \$2 fee to that. NIC will not add any cost to what DOJ is doing. **SEN. TESTER** asked if NIC will make the DOJ system more affordable. **Mr. Fasbender** stated that it will save the citizen money because NIC has already researched and developed the application, a cost the state would have incurred to develop a system on their own.

CHAIRMAN KEENAN explained that in Long Range Planning, they were dealing with a proposal from DOJ for \$20.2 million.

Closing by Sponsor:

SEN. JERGESON closed on SB 405 and urged passage of the bill.

{Tape : 1; Side : B}

EXECUTIVE ACTION ON SB 405

Motion: **SEN. WATERMAN** moved that **SB 405 DO PASS**.

SEN. MILLER stated that he saw the need for the bill, but had a concern about forming more advisory councils and interim committees. He wondered if there was not already an interim committee that oversees the DOA. **Mr. Herbert** said that the IT Advisory Council deals with all of the IT issues currently. The new council would deal specifically with e-government services. He said they don't like creating more councils either, but the issue cuts across all branches of government. It will be a big issue over time. If in two years, the council is not necessary, it can be disbanded. The advisory council is part of the NIC model. NIC will provide monthly reports to the council.

SEN. MILLER commented that there are always requests for more technology, councils and interim committees, but nothing is ever eliminated.

Vote: Motion that **SB 405 DO PASS** carried unanimously.

EXECUTIVE ACTION ON SB 289

Motion: SEN. JOHN COBB moved that SB 289 DO PASS.

Motion: SEN. COBB moved that AMENDMENTS TO SB 289 BE ADOPTED.

SEN. TESTER explained the amendments. **EXHIBIT(fcs38a03) EXHIBIT(fcs38a04)**
The amendments impact the effective date for current employees. New employees would sign on to the FURS system. **Roger Hagan, Great Falls Airport Firefighters Association**, said the fiscal note would be adjusted to \$95,360 for the biennium.

Vote: Motion carried unanimously.

Motion: SEN. WATERMAN moved that SB 289 DO PASS AS AMENDED.

SEN. TOM ZOOK asked about the fiscal impact in the next biennium. **Mr. Hagan** said the impact in the next biennium would be approximately \$300,000 per year from that point on or higher with growth of salaries. The current fiscal note shows \$313,000 general fund impact. That impact would be moved to 2004, with a corresponding increase for cost of living.

Substitute Motion: SEN. MOHL made a substitute motion that SB 289 AS AMENDED BE TABLED.

Vote: Motion failed 7-11 with Keenan, Miller, Mohl, Stapleton, Wells, and Zook voting aye.

SEN. BEA MCCARTHY asked for an explanation of Mr. O'Connell's testimony of the fiscal impact of the bill in future bienniums. **Mr. Hagen** explained that the firefighters currently in a public employee retirement system are asking to be moved to a firefighters unified retirement system. That retirement system has a statutory appropriation every year for all members, where money is transferred from the general fund into the firefighter retirement system. Adding 24 new firefighters to the 400+ that are currently there, will increase the amount of that statutory appropriation from that point forward. The delaying of the effective date for current onboard firefighters serves to bring the fiscal note costs down for two years. Once they've elected to be in the system towards the end of the 2003 fiscal year, the statutory appropriation will cover those firefighters in that retirement system. The cost gets slid into the next biennium, where the largest impact of the transfer would happen.

SEN. TESTER pointed out that the bill itself had not been addressed. He stated that the firefighters work not only for the

Air Guard, but also the airport authority and the surrounding area regional prison and are on call for any other fire duties. If the 24 firefighters were hired by the Great Falls fire department, there would be no fiscal note, the cost would be paid for under FURS.

SEN. ZOOK recommended considering the \$300,000 a year and the statutory appropriation when voting on the motion.

Vote: Motion that **SB 289 DO PASS** carried 11-7 with Keenan, Miller, Mohl, Tash, Wells, and Zook voting no.

EXECUTIVE ACTION ON SB 293

Motion: **SEN. DEBBIE SHEA** moved that **SB 293 DO PASS**.

SEN. ZOOK pointed out the impact on the general fund.

Substitute Motion/Vote: **SEN. ZOOK** made a substitute motion that **SB 193 BE TABLED**. Substitute motion passed 10-8 with Christiaens, Jergeson, Keenan, McCarthy, Nelson, Shea, Tester, and Waterman voting no.

EXECUTIVE ACTION ON SB 88

Motion: **SEN. WATERMAN** moved that **SB 88 DO PASS**.

SEN. WATERMAN passed out amendments to SB 88.

EXHIBIT (fcs38a05) EXHIBIT (fcs38a06) (SB008801.ajm) (Note: Exhibits 5 and 6 were created while the laws computer system was down. The official amendment created later has the proper filename.)
SB 88 allow individuals leaving foster care to be eligible for Medicaid up to when they turn age 21. The amendment cuts the age to 20.

SEN. ZOOK asked about the impact of the amendment. **SEN. WATERMAN** said the cost would be reduced by about 1/3. The other amendment is a contingent voidness amendment. If the bill is not funded, the bill would be void.

Motion: **SEN. WATERMAN** moved that **AMENDMENT TO SB 88 CHANGING THE AGE FOR ELIGIBILITY FOR MEDICAID TO AGE 20 BE ADOPTED**.

SEN. WATERMAN asked that if the first amendment passed, that **Jon Moe, staff**, have the authority to adjust the numbers down in the second amendment, the contingent voidness amendment, because the fiscal impact would then be less.

Vote: Motion carried unanimously.

Motion/Vote: SEN. WATERMAN moved that AMENDMENT TO SB 88 FOR CONTINGENT VOIDNESS BE ADOPTED. Motion passed 16-2 with Keenan and Mohl voting aye.

Motion/Vote: Motion that SB 88 AS AMENDED DO PASS carried 12-6 with Beck, Miller, Mohl, Stapleton, Wells, and Zook voting no.

EXECUTIVE ACTION ON SB 223

Motion/Vote: SEN. BECK moved that SB 223 BE TABLED. Motion carried 17-1 with Mohl voting no.

EXECUTIVE ACTION ON SB 231

Motion: SEN. ZOOK moved that SB 231 BE INDEFINITELY POSTPONED.

Substitute Motion: SEN. WATERMAN made a substitute motion that SB 231 DO PASS.

SEN. TESTER commented that there is animosity between home schools and public schools in his district and probably throughout the state and that this bill might help.

Vote: Substitute motion that SB 231 DO PASS failed 9-9.

Vote: Motion TO INDEFINITELY POSTPONE SB 231 carried 14-4 with McCarthy, Nelson, Shea, and Waterman voting no.

EXECUTIVE ACTION ON SB 331

Motion/Vote: SEN. MILLER moved that SB 331 BE TABLED. Motion carried unanimously.

EXECUTIVE ACTION ON SB 332

Motion: SEN. WATERMAN moved that SB 332 DO PASS.

SEN. WATERMAN introduced an amendment to SB 332, the bill to eliminate the resource test for public assistance programs. The bill has the unanimous support of the Human Services Subcommittee. The bill eliminates a lot of unnecessary bureaucracy and paperwork and is supported by the governor. The Human Service Subcommittee has the money in the budget to fund the bill. The passage of the bill is contingent on funding being available in HB 2.

EXHIBIT (fcs38a07)

Motion: SEN. WATERMAN moved that **A CONTINGENT VOIDNESS AMENDMENT to SB 332 BE ADOPTED.**

SEN. McCARTHY asked about the fiscal note. SEN. WATERMAN stated that the numbers on the fiscal note of 2/12/01 correspond to the numbers on the amendment.

Vote: Motion **carried unanimously.**

Motion/Vote: SEN. WATERMAN moved that **SB 332 DO PASS AS AMENDED.** Motion carried 11-7 with Beck, Johnson, Miller, Mohl, Stapleton, Wells, and Zook voting no.

EXECUTIVE ACTION ON SB 336

SEN. JERGESON stated that there was a bold and noble purpose with the bill. He raised the question at the hearing that the bill was not properly before the Senate Finance Committee and should be an appropriations bill.

Motion/Vote: SEN. JERGESON moved that **SB 336 BE TABLED.** Motion carried unanimously.

CHAIRMAN KEENAN explained that SB 339 needed to be held, as it ties together with the big bill.

EXECUTIVE ACTION ON SB 381

Motion: SEN. COBB moved that **SB 381 DO PASS.**

SEN. JOHN COBB introduced amendments to SB 381.
EXHIBIT (fcs38a08) (SB038101.ajm)

Motion/Vote: Motion **TO ADOPT AMENDMENTS TO SB 281** carried unanimously.

Motion/Vote: SEN. WATERMAN moved that **SB 381 DO PASS AS AMENDED.** Motion carried 17-1 with Mohl voting no.

SEN. COBB commented that there needs to be an amendment on each bill to say that the legislature will not fund a bill with a fiscal note.

ADJOURNMENT

Adjournment: 6:25 P.M.

SEN. BOB KEENAN, Chairman

PRUDENCE GILDROY, Secretary

BK/PG

EXHIBIT (fcs38aad)